



Housing Methodology Committee

Bay Conservation and Development Commission (BCDC)
50 California Street, 26th Floor
San Francisco, CA

Meeting –August 24, 2006
10:00 a.m. - 12:00 noon

Time (approx.)

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1. | CALL TO ORDER/INTRODUCTIONS | |
| 2. | REPORTS AND UPDATES*
Staff reports on background information for <i>Projections 2007</i> and Department of Housing & Community Development determination of regional housing need number. Updates on subregions and other issues. | 20 Minutes |
| 3. | Discussion of Proposed RHNA Factors**
Member led discussion of how proposed factors can be used in methodology. | 60 Minutes |
| 4. | Work Plan**
Committee discussion of draft work plan (includes possible additional meetings) and identification of topics/questions for HCD's September 28 th presentation.*** | 20 Minutes |
| 5. | Agenda for Next HMC Meeting | 10 Minutes |
| 6. | Public Comment | 10 Minutes |
| 7. | Adjournment | |

Post - Meeting Lunch: Noon – 12:45 p. m.

* Handout at meeting

** Posted to web site

*** Tentative additional meeting dates are September 15 and October 12

MEMO

To: Housing Methodology Committee (HMC)
From: Ken Kirkey, ABAG Principal Planner
Date: August 18, 2006
Re: Applying potential RHNA Methodology Factors

Proposal for Discussion of RHNA Factors

HMC members have identified Factors for inclusion as part of the 2007-2014 RHNA Housing Methodology (below). ABAG staff proposes that individual HMC members lead the committee in discussions along the following lines:

- identify factor(s) that should be included as part of the methodology,
- describe why a particular factor should be included in the overall Housing Methodology, and
- lead the discussion in how the factor would work in practice.

Hopefully, this facilitates a dialog among HMC members on how the Housing Methodology might reflect local and regional concerns.

While there is much flexibility in how to construct a methodology, there are several important legal limitations. The provisions of the Housing Element law that might affect the substance of the discussion are:

- “Any ordinance, policy, voter-approved measure, or standard of a city or county that directly limits the number of residential building permits issued by a city or county shall not be justification for a determination or a reduction in the share of a city or county of the regional housing need.” Govt. C. Sec. 65584.04(f)
- The regional need number cannot be reduced. Govt. C. Sec. 65584.05(g)
- Each jurisdiction must receive an allocation of units for low and very low income households. Govt. C. Sec. 65584(d)(1)

Staff has given considerable thought to how some Factors might be applied as part of the Housing Methodology as well as the manner in which the underlying issues might be addressed as part of *Projections*. We will be prepared to assist you in this discussion.

Factor Example

As an example, county-level Urban Growth Boundaries (UGBs) exist in several Bay Area counties. It might be possible to recognize UGBs in a way that does not reduce the overall housing need number for the entire county but does allocate the housing need numbers in a way that recognizes the existence of the UGB. Inclusion of this type of Factor might result in a reduced allocation to the unincorporated areas of a county and an increased allocation to jurisdictions within a UGB.

Potential Factors

Land Protection

- Vacant Land
- Williamson Act lands (non-prime agricultural lands)
- County policies to protect Prime agricultural land*
- Protected Open Space – lands protected by state and federal government*
- Protected Open Space – lands protected by regional, county, local, non-profit entities
- Land suitable for urban development or conversion to residential use*

Employment

- Existing and Projected Jobs-Housing balance *
- Home-based businesses

Housing

- Household income
- Recent Housing Construction
- Loss of affordable units contained in assisted housing (affordable designation expires)*
- High housing cost burdens*
- Housing needs of Farmworkers*
- Impact of universities and colleges on housing needs in a community
- Penalties - failure to meet last allocation
- Penalties - failure to certify Housing Element in last cycle

Growth Policies

- Distribution of Household Growth*
- Market Demand for Housing*
- City-centered growth policies*
- Urban Growth Boundaries
- Historic preservation districts

Physical Constraints

- Water and sewer capacity*
- Geologic constraints

* Factors identified in statute



Draft RHNA Work Plan Housing Methodology Committee

The Committee was interested in getting a clearer understanding of its overall tasks. In response, the staff has produced a Draft RHNA Work Plan. Please note that we are proposing two additional meetings.

August 24, 2006 Meeting

Updates

- Extension of subregional allocation deadline
- Background of Projections 2007
- Background of Housing and Community Development Department's (HCD) Needs Determination

Discussion of How Factors Might Be Used in Methodology

HMC member-led discussion related to potential incorporation of factors identified by the HMC. Staff will assist with discussion and provide information related to how such factors are addressed in *Projections* and how they might be included in the 2007-2014 RHNA methodology.

HMC Work Plan

Discussion of draft work plan, additional meetings and topics/questions for HCD presentation at September 28th meeting

September 15, 2006 Meeting (proposed additional meeting)

Continue Discussion of How Factors Might Be Used in Methodology

Initial RHNA Allocation Proposal

Discussion of initial proposed 2007-2014 RHNA methodology that includes comments from the previous meeting's factor discussion. Identification of any related questions for HCD.

Assignment of Income Categories

Assignment of RHNA affordability categories (very low, low, moderate and above moderate) and potential approaches for determining how units in each category are allocated.

Unincorporated Portions of City-Sphere of Influence

Consideration of how to allocate housing units in unincorporated Sphere of Influence areas.

September 28, 2006 Meeting

HCD Description of Developing the Regional Needs Number

Presentation by, and discussion with, HCD regarding the components used in calculating the regional needs number. Topics include demographic models, unit calculations and role of the committee in consultation process. Discussion of HMC's RHNA-related questions for HCD.



October 12, 2006 Meeting (proposed additional meeting)

Discuss Relationship of 2007-2014 RHNA to Focusing Our Vision

Overview of the Focusing Our Vision program and its relationship to 2007-2014 RHNA.

Refining the Basic Methodology Proposal

Further discussion of the methodology and any alternatives that are offered. Committee and staff to work through specific examples.

Trades and Transfers

Discussion of state housing law on trades and transfers between local governments of their RHNA allocations. Consideration of potential framework for conducting trades and transfers between jurisdictions.

Relationship between Sub-Regions and the Rest of the Region

Discussion of issues related to sub-regions, including evaluating sub-region compliance, determining how to re-absorb sub-regions in the event that they do not complete the allocation, etc

October 19, 2006 Meeting (revised meeting date)

Finalize Methodology Recommendation

Discussion and finalization of 2007-2014 RHNA methodology in preparation for presentation to ABAG Executive Board on November 16, 2006.



**Focusing Our Vision (FOCUS) Background
for the
Housing Methodology Committee
August 24, 2006**

Summary

At the July 27, 2006 meeting of the Housing Methodology Committee (HMC), several HMC members expressed a desire to ensure that there is consistency between the 2006-2014 regional housing need allocation (RHNA) and the Focusing Our Vision (FOCUS) program.

FOCUS is a multi-agency effort spearheaded by ABAG and MTC in coordination with the Bay Area Quality Management District (BAAQMD). FOCUS builds upon the Smart Growth Strategy/Regional Livability Footprint Project. This pioneering effort was the first smart growth vision for a metropolitan region in California. The vision resulted in a series of regional policies established in 2002 that direct growth to transit corridors and existing communities as part of a "Network of Neighborhoods."

As you know, there is a FOCUS Technical Advisory Committee (TAC) that is charged with taking the Bay Area Vision to the next level through the identification of areas well suited to accommodate development (Priority Development Areas, PDAs) and areas that should be protected and preserved (Priority Conservation Areas, PCAs). Several HMC members also serve on the FOCUS TAC.

In keeping with the fact that FOCUS builds upon the Smart Growth Livability Footprint Project, the FOCUS goals in large part build upon principles adopted by the regional agencies in 2002 as part of the Footprint Project.

The FOCUS goals have recently been stated in the following terms:

- Strengthen and support unique existing communities
- Create compact, healthy communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents
- Increase housing supply and choices
- Improve housing affordability
- Increase transportation efficiency and choices
- Protect and steward natural habitat, open space, and agricultural land
- Improve social and economic equity
- Promote economic and fiscal health
- Conserve resources, promote sustainability, and improve environmental quality
- Protect public health and safety

The objectives of RHNA are:

- (1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low and very low income households.
- (2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- (3) Promoting an improved intraregional relationship between jobs and housing.
- (4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.

The FOCUS goals and RHNA objectives are not in conflict and have substantial overlap.

Conclusion

As described at the outset of the current HMC and FOCUS TAC processes, it will not be possible to directly coordinate the current 2006-2014 RHNA methodology with the identification and local adoption of PDAs and PCAs due to RHNA-related time constraints beyond the control of ABAG. However, there is an opportunity to develop the 2006-2014 RHNA methodology in a manner that to the extent possible reflects the FOCUS goals. As noted in the companion memo, beginning with the 2003 edition, *Projections* has assumed the "Network of Neighborhoods" land use pattern.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT****Division of Housing Policy Development**

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643

August 16, 2006

Mr. Henry Gardner
Executive Director
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050

Dear Mr. Gardner:

Re: Timeline for Formation of Subregions for Regional Housing Need Allocation

This is in response to your July 10, 2006 letter requesting an extension of the due date to complete formation of subregions as set forth in our September 29, 2005 letter. The Department approves your request to extend the subregional formation due date by one-month. The date for the governing bodies of local governments to adopt a resolution to form a subregion is extended from August 31 to September 30, 2006. As you acknowledge in your letter, granting this extension does not change or extend other deadlines applicable to the Regional Housing Need Allocation process. Attachment 1 reflects the extended due date of September 30, 2006. All other due dates remain in effect. The statutory due date for jurisdictions within your region to update their housing elements remains June 30, 2009.

The Department looks forward to working with ABAG to complete the regional housing need process per Attachment 1. If you, or your staff, have any questions, please feel free to contact Linda Wheaton, Assistant Deputy Director, at (916) 327-2642.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure

cc: Paul Fassinger, Director, Research and Analysis, ABAG
Janet McBride, Planning Director, ABAG

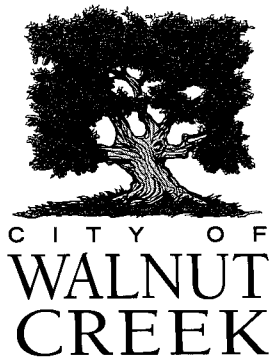
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Schedule for ABAG Regional Housing Needs Allocation

Regional Allocation Deadlines		Allocation Deadlines if Subregional Option Used	
2006			
April 30	ABAG/HCD consultation on region's share of statewide housing need [65584.02(b)]		
June 30	ABAG requests information from jurisdictions for developing methodology [65584.04(b)(1)]	August 31	Deadline for creating subregional entities [65584.03(a)]
December 31	ABAG develops a proposed methodology [65584.04(a)]; Start of 60-day public comment period about methodology [65584.04(h)]; must include at least one public hearing [65584.04(c)]	December 31	The subregion develops a proposed methodology [65584.04(a)]; Start of 60-day public comment period about methodology [65584.04(h)]; must include at least one public hearing [65584.04(c)]
2007			
January – March	ABAG adopts a final methodology [65584.04(h)]	January – March	Subregion adopts a final methodology [65584.04(h)]
March 1	HCD determination of regional housing need [65584.02(a)(1)]	May 1	ABAG determination of housing need assigned to each subregion. At least one public hearing must be held prior to allocation [65584.03(c)].
Prior to June 30	ABAG issues DRAFT RHNA [65584.05(a)].	Prior to June 30	Subregion issues DRAFT RHNA's [65584.05(a)].
Prior to June 30	ABAG reviews DRAFT RHNA's of subregions for compliance with Gov. Code Sec. 65584.03(d); if noncompliant, ABAG completes allocation process for affected jurisdictions		
Prior to September 30	Local jurisdictions may request revisions to DRAFT allocation [65584.05(b)]	Prior to September 30	Local jurisdictions may request revisions to DRAFT allocation [65584.05(b)]
Prior to October 31	ABAG responds to revision requests (within 60 days of submittal) [65584.05(c)]	Prior to October 31	Subregion responds to revision requests (within 60 days of submittal) [65584.05(c)]
December – February	Local jurisdictions may appeal DRAFT RHNA (60 day period)	December – February	Local jurisdictions may appeal DRAFT RHNA (60 day period)
2008			
January- Feb.	Continuation of 60 days for Local jurisdictions to appeal DRAFT RHNA	January- Feb.	Continuation of 60 days for Local jurisdictions to appeal DRAFT RHNA
January – April	ABAG public hearing on appeals (within 60 days after deadline for filing appeal) [65584.05(e)].	January – April	Subregion public hearing on appeals (within 60 days after deadline for filing appeal) [65584.05(e)].
February – April	ABAG issues FINAL RHNA proposal (within 45 days of end of 60-day appeals period) [65584.05(f)].	February – April	Subregion issues FINAL RHNA proposal (within 45 days of end of 60-day appeals period) [65584.05(f)].
February – June	ABAG public hearing to adopt FINAL allocation (within 45 days of issuing final allocation) [65584.05(h)]. Submit adopted Final Allocation to HCD.	February – March (prior to ABAG's)	Subregion public hearing to adopt FINAL allocation (within 45 days of issuing final allocation) [65584.05(h)]. Subregions submit FINAL allocations to ABAG
August	HCD completes review of FINAL RHNA [65584.05(h)].		
2009			
June 30	Adopted Housing Element updates due to HCD, preceded by submittal of draft elements		



July 27, 2006

Housing Methodology Committee Members
ABAG RHNA Staff
ABAG
P. O. Box 2050
Oakland, CA 94604

Dear Committee Members and ABAG Staff:

I am writing to you as a member of the Housing Methodology Committee, representing Contra Costa County, and as a Council Member from the City of Walnut Creek. I am unfortunately unable to attend today's Committee meeting, so I'm using this letter to identify a concern I'd like the Committee to address.

Currently each City's Regional Housing Needs Assessment (RHNA), as determined by ABAG, incorporates the projected housing needs for the years 1999 to 2006 within each City's jurisdictional limits and 75% of the projected housing needs of the unincorporated County lands that fall within each City's sphere-of-influence. I'm requesting that this methodology not be employed in our next RHNA process, at least not universally.

Clearly there are some counties within ABAG's membership that do not allow any significant levels of development outside of City limits; in which case a policy of burdening the sphere-of-influence City with a portion of the County housing demand is logical. This is not, however, the case within Contra Costa County.

The portions of Contra Costa County that surround Walnut Creek and lie within our sphere-of-influence include the Pleasant Hill BART Transit Village (which under a County approved specific plan anticipates a total of 1,114 jobs and 549 housing units) as well as many pockets of property where suburban level residential development continues to occur. Consequently, burdening Walnut Creek with a share of Contra Costa County's RHNA assignment, when the City has no control over the developments, is illogical and unfair.

Therefore, Walnut Creek respectfully requests that none of Contra Costa County's fair-share housing allocation numbers be assigned to the City of Walnut Creek. If any percentage of Contra Costa County's fair share number is assigned to Walnut Creek, we

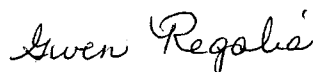
Housing Methodology Committee Members
ABAG RHNA Staff
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request that the City be able to set density and development intensity for County properties in our sphere and that the City be allowed to count any affordable and market rate residential units built outside our City limits but within our sphere-of-influence towards meeting our RHNA numbers.

I realize no decisions on this topic will be made today, but I wanted to use today's meeting as a chance to make the Committee members and ABAG staff aware of Walnut Creek's concern. Thank you for taking the time to read this letter.

If you have any questions, please call me at 925/934-6313 or e-mail or call Valerie Barone, Walnut Creek's Community Development Director, at barone@walnut-creek.org or 925/256-3535.

Sincerely,



Gwen Regalia
Walnut Creek City Council Member
HMC Member (Representing Contra Costa County)

cc: Contra Costa County Board of Supervisors
Walnut Creek City Council
Julie Pierce (HMC for Contra Costa County & Councilmember Clayton)
Philip Woods (HMC for Contra Costa County & Principal Planner Concord)
Mike Parness, City Manager, City of Walnut Creek
Paul Valle-Riestra, City Attorney, City of Walnut Creek
Valerie Barone, Walnut Creek Community Development Director



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August 23, 2006

VIA FACSIMILE AND MAIL
(510) 464-7970

Ken Kirkey
ABAG Principal Planner
Association of Bay Area Governments
P.O. Box 2050
Oakland, California 94604-2050

Re: ABAG Memorandum of August 16, 2006 Identifying Potential RHNA Methodology Factors

Dear Mr. Kirkey:

Your Memorandum of August 16, 2006 identifies factors that ABAG might consider in developing the methodology for allocating the regional housing needs. We have the following comments regarding the contemplated factors.

As you know, ABAG is required to develop a proposed methodology for distributing the existing and projected regional housing needs to agencies within ABAG pursuant to Government Code¹ section 65584.04. The Legislature requires ABAG to develop this methodology to be consistent with the factors outlined in Section 65584.04(d). We therefore urge ABAG to follow these factors as closely as possible.

Penalty Factors: ABAG's Memorandum includes the following as methodology factors: "Penalties - failure to meet last allocation" and "Penalties - failure to certify Housing Element in last cycle." These two factors are not specifically authorized for consideration by section 65584.04(d). Section 65584.04(d)(9) is a catchall provision that authorizes "any other factors adopted by the council of governments." Arguably, the penalty factors listed by ABAG fall under this catchall provision. However, these two penalty factors are not reasonably related to addressing the existing and projected housing needs. The housing laws are written to address existing and future housing need, not to retrospectively penalize an agency. (See for example sections 65584(a)(1), 65584(b), 65583. which reference the "*existing and projected housing need*.") Moreover, the penalty factors are overbroad—they do not take into account self-

¹ All statutory references are to the Government Code unless noted otherwise.

certification, a process available to an agency under the housing statutes. We therefore request that these factors be excluded from the methodology determination.²

The most important factors should be the ones identified in the statute. We are concerned with comments made by ABAG staff that only factors which are comparable across jurisdictions will be used in developing the methodology. If there is strict adherence to that concept, it will be impossible to apply factors such as lack of water and sewer services, (un)availability of lands, policies protecting agricultural land, etc. because survey data will naturally be unavailable in many jurisdictions. This would essentially eliminate the use of many of the factors outlined in section 65584.04, which was not the legislative intent. Moreover, it would essentially penalize those jurisdictions with readily available data simply because other jurisdictions do not have data in the same form. We believe that most of the data needed to evaluate the methodology factors are either available to ABAG or are easily ascertainable. For example, it should not be very difficult to determine if, and to what extent, a particular jurisdiction has water and sewer capacity.

Among the statutory factors, prime consideration should be given to policies protecting agricultural lands, protection of open space, lack of capacity for water and sewer services, and protection of lands under federal and state programs.

Further, clarification is sought as to the following:

1. Are we correct in assuming that the second category on your list of Protected Open Space -- which includes lands protected by "non-profit entities" -- includes lands voluntarily protected by landowners, which are still privately owned, but subject to an open space or conservation agreement? [Again, the latter was a specific factor suggested at the June meeting.]
2. Does "city-centered growth policies" encompass the statutory "agreements between a county and cities in a county" [Section 65584.04(d)(5)]
3. Does "water and sewer capacity" envision the constraints of the rural housing factor, i.e., wells and septic systems, and the increasing limitations on those resources due to application of the Clean Water Act by the Regional and State Water Boards?

² There is only one statute—Section 65584.09—that addresses what happens when a city or county fails to identify adequate sites in the prior planning period. That statute is very narrow in scope (applies to housing elements due on or after January 1, 2006) and only requires that the city or agency zone or rezone sites within the first year of the planning period of the new housing element. It does not affect how the regional housing needs is allocated to the city or county in the next housing cycle based on past performance. The ABAG penalty factors would apparently apply to every agency (regardless of when the agency's housing element was due), and would be a factor in determining the regional housing needs allocation. This is unsupported by the housing statutes.

Ken Kirkey
Association of Bay Area Governments
August 23, 2006
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Additional Suggested Factors: Additionally, we suggest that the following factors be included in developing the methodology:


1. Other physical constraints (in addition to geologic constraints listed by ABAG)—including topography; and
2. State mandated policies, including LAFCO, airport land use compatibility plans, etc.


Application of Factors: It is our understanding that the housing needs allocation will be conducted separately for each of the 109 member jurisdictions of ABAG, rather than a lump sum allocation calculated countywide. Additionally, you indicated that if a factor outlined in section 65584.04(d) decreases an agency's allocation, the difference will be absorbed region-wide. For example, if a factor reduces the allocation for one city, that reduction will be divided by the remaining 108 agencies rather than divided just between the other cities within the county. If our understanding of this process is incorrect, please advise at your earliest convenience.


We are very interested in working with ABAG and its member jurisdictions in developing a fair and reasonable methodology that addresses existing and projected housing needs – but such methodology must at the same time recognize the specific needs and limitations of each jurisdiction.

In that regard, we would like ABAG to clarify how it will apply the factors outlined in section 65584.04(d). This is a crucial step in the methodology development process. Section 65584.04(e) provides that each council of government “shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of section 65584.” Please advise at your earliest convenience.

Very truly yours,

By: 
DIANE DILLON, Supervisor
Napa County Board of Supervisors

By: 
RICHARD BOTTARINI, Director
Community Development Department,
City of Napa

By: 
HOWARD SIEGEL,
Community Partnership Manager,
County of Napa

cc: Paul Fassinger, ABAG
Ken Moy, ABAG Counsel ✓



**Projections Background
for the
Housing Methodology Committee
August 24, 2006**

Every two years ABAG produces a long-run regional forecast called *Projections*. Our *Projections* forecast provides specific information for population, households, employment and other related variables. Values are reported for year 2000, and then for each five year increment to 2035.

Several related models are used to perform the forecast. The economic model balances demand for the production of goods and services with the supply of productive capacity. The demographic model uses birth rates, death rates and migration data to forecast future population using a cohort-survival model. A great deal of data is required by the models including information on economic relationships and trends, population related information like births, deaths and migration, as well as land use and land use policy data.

Since *Projections 2003*, we have assumed the "Network of Neighborhoods" land use pattern. This pattern expects higher levels of housing production. It also means that an increasing proportion of regional growth occurs near transit and in existing urban areas. In the *Projections* forecast additional housing production and a shift in the pattern of development primarily occurs in the later part of the forecast. Earlier in the forecast population growth is generally consistent with the California Department of Finance forecast. The distribution of growth is generally consistent with local general plans.

ABAG has continually collected information on local land use as part of its modeling efforts. The forecast is produced for each of about 1400 census tracts in the region and existing land use and the capacity of each tract to support additional population or economic activities.

Because the forecast is based on local land use information, forecasted growth occurs in appropriate locations. However, even with 1400 census tracts, only so much detailed information can be included. We may know that moderate growth can occur in an area without specifically understanding that a portion of that area is a nature preserve. We may know that growth should not occur in an area, but it may not be clear whether it is due to a physical limitation, or a general plan policy.

We use data that reflects many of the RHNA methodology factors the committee has been discussing when we make the *Projections* forecast. As a result, we think it is fair to say that a RHNA methodology that includes the housing or employment data from *Projections* would reflect regional policy objectives and many of the other factors the committee has outlined. It may be the case that the committee thinks that these factors need to be included more strongly and more specifically when we construct the method.



Housing Methodology Committee Meeting – August 24, 2006

10:00a.m – 12:00 p.m.

San Francisco Bay Conservation & Development District

50 California Street, 26th Floor

San Francisco, CA

Meeting Summary

1. Call to Order/Introductions

The meeting began with introductions of member representatives, interested parties, and ABAG staff. Paul Fassinger, Research Director at the Association of Bay Area Governments (ABAG) provided an overview of the Meeting Agenda.

2. Reports and Updates

Subregions

Mr. Moy provided an update on the subregional process. At the request of the Housing Methodology Committee (HMC), ABAG sent a letter to the Department of Housing and Community Development (HCD) requesting that the deadline for subregional formation be changed from August 31 to September 30, 2006. The request was approved by HCD, with the stipulation that no other deadlines for the RHNA process will change. Mr. Moy noted that the schedule enclosed with HCD's letter granting the extension was not updated to reflect the date change, but that this is simply a clerical error that does not affect HCD's decision.

As of the meeting date, the only subregion to form involves San Mateo County and 15-20 of the cities in the county. Some jurisdictions in Santa Clara County have expressed interest in creating a subregion, but one has not yet formed.

The ABAG Executive Board will adopt a resolution approving the subregions at its next meeting (September 21). The resolution will include approval of any subregions that form by the September 30 deadline.

Focusing Our Vision (FOCUS) Background

In response to a request at the last HMC meeting, Mr. Kirkey provided an overview of the relationship between FOCUS and RHNA. FOCUS is a multi-agency planning effort that builds upon the Smart Growth Strategy/Regional Livability Footprint Project that created a regional vision for growth. The vision resulted in a series of regional policies established in 2002 that direct growth to transit corridors and existing communities as part of a "Network of Neighborhoods."

These policies have already been incorporated into ABAG's *Projections* forecasts. The FOCUS process involves using these policies and regional goals as the basis for working with local governments to identify Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs).

As Mr. Kirkey noted, the schedules for RHNA and FOCUS do not align, which means that it will not be possible to get specific inputs from FOCUS to use in the RHNA methodology. However, Mr. Kirkey

highlighted the fact that there is substantial overlap between the FOCUS goals and the objectives established for the RHNA process. Thus, the goals of each process will inform the other.

Mr. Kirkey mentioned that staff will provide an update on the FOCUS planning effort at the October 12th HMC meeting, including progress in identifying the PDAs and PCAs.

Projections Background

Mr. Fassinger provided committee members with background information about ABAG's *Projections* forecasts. *Projections* estimates housing, population, and employment change for the entire region in 5-year increments through 2035. The forecast uses data about economic trends, demographics, and land use policies to identify development potential throughout the region and to predict areas of future housing and job growth.

ABAG collects the land use policy information used in *Projections* from surveys of local governments and their General Plans. However, the *Projections* forecast does not provide exact information about growth in specific locations, but does show general patterns of growth. Use of local planning information ensures that the areas predicted for growth in *Projections* are consistent with those identified in local land use plans. In this way, growth is also directed away from areas that are unsuitable for development, such as protected open space and agricultural land.

In addition, since 2003, *Projections* forecasts have incorporated smart growth assumptions based on the "Network of Neighborhoods" vision for regional growth—higher levels of growth in existing urbanized areas and near public transit. These policy-based *Projections* assume that, over time, local land use policies will change to promote this growth pattern within the region. However, in the short term, predicted job and housing growth is generally consistent with local General Plans.

Several committee members had questions about the data gathering and review process for *Projections*, and wanted to be sure that comments from local jurisdictions would be incorporated into the forecast. Mr. Fassinger assured them that this was the case, and that local governments would have the opportunity to review the draft *Projections* numbers beginning in mid-September and to provide additional feedback to ABAG for refining the forecast.

During the discussion about the *Projections* modeling process, several committee members had questions about how issues related to spheres of influence (SOI) are handled in RHNA. Since these issues will be addressed at the September 15th meeting, discussion was postponed until that time.

Committee members also had questions about the relationship between ABAG's *Projections* forecast and HCD's determination of the total housing need for the region. Specifically, there was a question about the "alternative process" identified in Section 65584.02 of the RHNA statutes that provides for a different approach for negotiations with HCD about the regional number. Mr. Moy agreed to provide a written explanation of this alternative process for posting to ABAG's website by September 8th.

3. Discussion of Proposed RHNA Factors

Mr. Kirkey led committee members in a discussion about the proposed allocation factors and how they might be incorporated into the RHNA methodology. He began by pointing out that factors allocate shares of the total regional need among jurisdictions and do not change the total need.

In developing the methodology, the committee and ABAG must consider all of the factors outlined in the statute, but not all of them need to be used. Theoretically, a factor could be given a weight of “zero” if it was deemed to be unimportant or unworkable. In discussing the potential factors, committee members were encouraged to keep the methodology as simple as possible, to keep the concept of “fair share” in mind, and to consider the data sources that might be required to make the factor work. For the 1999-2006 RHNA, the allocation was based solely on household and job growth.

Committee members were asked to speak on behalf of a factor that should be included in the methodology and to provide a rationale for why it is important. The first issue raised was locally protected open space which is, at least implicitly, excluded from consideration as a factor by the RHNA statutes. Members highlighted the importance of protected open space to the region’s residents, and their expectation that it will remain protected. There was a general concern that, based on the RHNA statutes, these lands might be considered for future development.

With this concern in mind, the committee’s discussion moved toward the idea of combining all types of protected land (including open space protected by conservation easements or owned by cities as well as Williamson Act and other agricultural lands) into a factor for land “un-suitable” for development. This factor could also include historic preservation districts and areas with geologic constraints.

In trying to determine how best to ensure that open space and agricultural areas are protected, several committee members asked for additional information about how these issues are incorporated into the *Projections* forecast. Mr. Fassinger explained that the *Projections* forecast uses information from local governments about open space, protected land, and development potential from their General Plans and zoning as well as conversations with local planners. This locally generated data is used to inform the predictions about where housing and job growth is likely to occur and to ensure that the growth patterns described in *Projections* are consistent with local plans.

As the discussion proceeded, it became clear that many of the land use issues of concern to the committee, such as protected land, were incorporated into the *Projections* forecast. Given this situation, some committee members proposed that the RHNA allocation factors could be viewed as adding extra protections for what was already achieved in *Projections*. Thus, the allocation factors provide an opportunity to adjust the outcome from *Projections* or to handle issues that people felt had not been adequately addressed.

In addition to the focus on protected land, the committee also addressed the factor related to jobs-housing balance. Many members thought that including jobs as part of the methodology was important to ensuring a good jobs-housing balance. One idea presented was that this factor should be based on the existing balance, rather than projected jobs growth, to keep from penalizing jurisdictions that are adding jobs in order to improve their jobs-housing balance.

During the discussion, a question was raised about whether jobs-housing balance is an appropriate goal when looking at small geographic areas, such as cities and counties. In many cases, the issue of jobs-

housing balance is really about where people drive and underlying job type or income mismatches. For this reason, some committee members proposed that it might make more sense to look at a jobs-housing balance within a commute shed. It was also noted that any analysis of commute patterns should look at public transit corridors, and not just automobile travel.

After discussing these two major issues, the committee examined the rest of the potential methodology factors and edited it to read as follows:

Potential Factors

(*) factors identified by statute

Land Protection

- County policies to protect prime agricultural land*
- Protected open space – lands protected by state and federal government*
- Protected open space – lands protected by regional, county, local, non-profit entities and Williamson Act lands
- Land suitable for urban development or conversion to residential use* (*this includes vacant land, but should also address LAFCO and airport compatibility issues*)

Employment

- Existing and projected jobs-housing balance*
- Home-based businesses

Housing

- Loss of affordable units contained in assisted housing (affordable designation expires)*
- High housing cost burdens*
- Housing needs of Farmworkers*

Growth Policies

- Distribution of household growth*
- Market demand for housing*
- City-centered growth policies*

Physical Constraints

- Water and sewer capacity*

Transportation

- Existing and planned transit

As a result of the discussion about potential factors, the committee came up with several issues for further discussion with HCD:

- Many committee members expressed interest in being able to count assisted living units. There were some questions about a change in the definition of a housing unit since 1990 that might make this easier. The committee needs clarification about the definition from HCD.

- How are students accounted for in the estimates of need, for both total housing units and by income affordability?
- How are the jobs and housing units on military bases factored into the determination of need?

4. Work Plan

In response to a request from committee members, ABAG staff created a draft work plan that outlines the topics for discussion for the remaining HMC meetings. To complete the methodology process, two more HMC meetings were added to the schedule—one on September 15th and the other on October 12th.

In general, HMC members reacted favorably to the proposed schedule and work plan. However, there was concern that the committee meetings end with adoption of the methodology by ABAG's Executive Board in November. There was general consensus that committee members would like to continue meeting through the period in which ABAG negotiates the regional need number with HCD. Committee members requested that additional meetings be scheduled for late 2006 and early 2007, and that ABAG staff provide additional information about what the committee's role should be in dealing with HCD.

Next Steps:

Committee members requested that ABAG staff undertake the following actions:

- Provide a written explanation of the "alternative process" for negotiating the regional need number with HCD.
- Provide draft ideas for incorporating potential factors into the methodology.
- Explain how potential factors are included in Projections 2007, including an explanation of how jobs numbers are generated.
- Post Antioch's proposal for income allocations on ABAG's website.
- Schedule additional HMC meetings through the negotiation period with HCD about the regional need number.
- Draft a list of the questions that the HMC has identified for the meeting with HCD on September 28th.

The next Housing Methodology Committee meeting is September 15th, 2006 from 10 a.m. – 1 p.m.